

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 PA-01 PRS-01 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 STR-04
/061 W

-----111308 061003Z /14

R 060806Z SEP 77
FM USLO PEKING
TO SECSTATE WASHDC 8621
INFO AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 1 OF 2 PEKING 1972

E.O. 11652: GDS
TAGS: ETRD, CH, US, EARL

SUBJ: US BUSINESS VISITORS TO PRC: AUGUST

REF: (A) PEKING 1806 (NOTAL), (B) PEKING 1835, (C) PEKING 1682,
(D) PEKING 1676

1. SUMMARY, THE NUMBER OF BUSINESS VISITORS IN PEKING IN AUGUST MAY HAVE DECREASED SLIGHTLY FROM JULY. NEVERTHELESS, VISITORS CONTINUE IN SIGNIFICANT NUMBERS AND BUSINESS TRANSACTIONS ARE PROBABLY INCREASING WITH SOME PRODUCTS BEING TRADED FOR THE FIRST TIME. ACTUAL CONTRACTS SIGNED INCLUDE A \$10 MILLION SALE OF DIESEL AND GAS ENGINES, A \$3.5-4.5 MILLION SALE OF PIPE TRANSPORTING EQUIPMENT, A \$375,000 MACHINE TOOL SALE, AND 14,000 TON UREA SALE. US IMPORT TRANSACTIONS INCLUDED A "SEVERAL MILLION DOLLAR" PURCHASE OF GARMENTS, A PURCHASE OF PETROLEUM COKE AND A \$300,000 PURCHASE OF ANTIQUES. NEGOTIATIONS CONTINUE ON OILFIELD EQUIPMENT AND PIPELINE WELDING EQUIPMENT. NEGOTIATIONS ARE IN TEMPORARY RECESS FOR
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COMPUTERS AND AGRICULTURAL CHEMICALS. END SUMMARY.

2. REPRESENTATIVES OF FIRMS DEALING IN A WIDE RANGE OF PRODUCTS CONTINUED TO VISIT PEKING IN AUGUST, BUT NUMBERS SEEMED TO HAVE DECREASED SOMEWHAT FROM JULY. MANY BUYERS ARE PROBABLY POSTPONING VISITS TO COINCIDE WITH THE CANTON

FAIR. SELLERS CONTINUE IN SIGNIFICANT NUMBERS. CONTRACT NEGOTIATIONS CONTINUE TO BE PROTRACTED AND DIFFICULT DESPITE WHAT BUSINESSMEN SEE AS POSITIVE ATTITUDES ON THE PART OF PRC FOREIGN TRADE CORPORATIONS. US SELLING CONTINUES TO BE CONCENTRATED IN THE MACHINERY AND CHEMICALS FIELDS, WHILE BUYING (IN PEKING) IS DOMINATED BY TEXTILES. AS USUAL, THE CHINESE ARE TAKING FULL ADVANTAGE OF "TECHNICAL EXCHANGE SYMPOSIA" AND TECHNICAL DISCUSSIONS OFFERED BY US FIRMS WHEREIN THE PRC IS APPRAISED OF THE "STATE OF THE ART" IN THE PRODUCT LINE.

SELLERS

4. CATERPILLAR BILL YOUNG OF HONG KONG SIGNED FIVE CONTRACTS FOR THE SALE OF \$10 MILLION WORTH OF DIESEL AND NATURAL GAS ENGINES FOR USE IN DRIVING COMPRESSORS AND GENERATORS, PROBABLY IN OILFIELDS. ACCORDING TO MACHIMPEX THESE ARE THE FIRST NATURAL GAS ENGINES EVER PURCHASED BY CHINA. THE ENGINES ARE SCHEDULED FOR DELIVERY BETWEEN JANUARY AND JULY 1978. YOUNG STATED THAT HE WILL BE BACK IN NOVEMBER FOR FURTHER ENGINE SALES NEGOTIATIONS AND BELIEVES THAT ANOTHER \$10 MILLION SALE IS IN CONFIDENTIAL

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PROSPECT.

5. DEVLIEG. DAVE BROWN REMAINED IN PEKING AFTER THE NATIONAL MACHINE TOOL BUILDERS ASSOCIATION VISIT (REF D) AND CONCLUDED A SALE OF A GENERAL PURPOSE MACHINE TOoled VALUED AT \$375,000. THE TOOL HAS A SPECIFIC CAPABILITY FOR PRODUCING REDUCING GEARS. DELIVERY IS SET FOR MID TO LATE 1978 AND NO EXPORT CONTROL PROBLEMS ARE ANTICIPATED.

6. UNION OIL. REPS OF UNION OIL AND COLLIER CARBON AND CHEMICAL CORPORATIONS SUCCESSFULLY CONCLUDED THE SALE OF 14,000 TONS OF UREA FERTILIZER AND THE PURCHASE OF PRC PETROLEUM COKE, TWO FIRST FOR US TRADE (REF C). THESE PRECEDENTS ARE EXPECTED TO LEAD TO FURTHER TRADE IN THESE PRODUCTS, PARTICULARLY UREA.

7. ROLLIGAN CORPORATION. JOHN HOLLAND, PRESIDENT, TOLD USLO THAT HE HAD CONCLUDED PIPE-MOVING VEHICLE SALES WORTH BETWEEN

\$3.5-4.5 MILLION. THIS IS THE FIRST SALE BY
ROLLIGAN, WHICH IS REPRESENTED BY BAKER TRADING.

8. CRC. AUTOMATIC WELDING DIVISION PRESIDENT
GENE SIMS IS WELL INTO COMMERCIAL NEGOTIATIONS
FOR THE SALE OF PIPELINE WELDING EQUIPMENT.
FINAL CONTRACTS ARE EXPECTED TO VALUE OVER
\$5 MILLION. CRC IS REPRESENTED BY WJS.

9. DIGITAL RESOURCES. GEORGE HOWARD HAS BEEN
NEGOTIATING AN EXPANSION OF A PREVIOUS CONTRACT
FOR SEISMIC EXPLORATION COMPUTER SYSTEM SOFTWARE
(PEKING201 AND 76 PEKING 2228).

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10. FMC. WALTER CHAN HAS FINISHED THE INITIAL
PRESENTATION FOR THE SALE OF AGRICULTURAL
CHEMICALS, INCLUDING PESTICIDES. A TEAM OF
FMC REPS WILL VISIT PEKING IN LATE SEPTEMBER
TO BEGIN NEGOTIATIONS. TWO REPS OF
FMC'S PACKAGING MACHINERY DIVISION VISITED PEKING
AFTER HAVING PRESENTED TWO WEEKS OF
SEMINARS IN SHANGHAI.

11. COLLINS RADIO. D.L. MILLER AND J.S. KIYOTA
HEADED A TEAM OF COLLINS REPS WHO OFFERED
PROPOSALS AND TECHNICAL BRIEFINGS ON (A) AN
AVIONICS SERVICE CENTER, (B) TELEPHONE AND
TELEGRAPH SWITCHING EQUIPMENT AND (C) SATELLITE
COMMUNICATIONS AND EARTH STATION EQUIPMENT.
MILLER TOLD US THAT THE CHINESE SEEM PARTICULARLY
INTERESTED IN 4.5 METER DISC GROUND STATIONS.
THE AVIONICS SERVICE CENTER WOULD PERMIT THE
PRC TO SERVICE ITS AVIONICS EQUIPMENT
INDEPENDENTLY.

12. BAKER TRADING. STAN MILLS CONTINUES TO
OFFER OILFIELD EQUIPMENT AS REPRESENTATIVE OF
A NUMBER OF US FIRMS (SEE PARA 7). ONE OF
MILLS' CLIENTS HAS CONTRACTED FOR PURCHASES OF
PRC BARIUM SULFATE FOR USE IN OIL DRILLING MUD.

13. SQUIBB CORPORATION. A SQUIBB GROUP
INCLUDING CHIEF EXECUTIVE OFFICERS FROM NEW YORK
AND HONG KONG PRESENTED A SEMINAR AND DISCUSSED
THE SALE OF MANUFACTURING TECHNOLOGY FOR VARIOUS
ANTIBIOTICS, INCLUDING PENICILLIN. THE GROUP
EXPRESSED SOME OPTIMISM ABOUT CONCLUDING AN
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ARRANGEMENT IN THE NEAR FUTURE.

14. CONTROL DATA CORPORATION. PIERRE MAGE ARRIVED
TO SUPERVISE DELIVERY OF THE CDC COMPUTERS
WITHIN THE CONTROL DATA CORPORATION/COMPANIE
GENERAL DE GEOPHYSIQUE DATA PROCESSING CENTER
FOR OFFSHORE SEISMIC DATE COLLECTION AND

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R 060806Z SEP 77
FM USLO PEKING
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C O N F I D E N T I A L SECTION 2 OF 2 PEKING 1972

PROSPECTING. THE COMPUTERS ARE TO BEGIN
ARRIVING ON SEPTEMBER 2.

15. HUGHES TOOL COMPANY. ROBERT LOCKHART, A
REGIONAL SALES MANAGER, REMAINED IN PEKING FOR
THREE WEEKS BUT PROVIDED NO DETAILS ON HIS
DISCUSSIONS. WALTER CHAN, WHO REPRESENTS
HUGHES TOOL, TOLD USLO THAT SOME SMALL
SALES HAVE BEEN MADE BY LOCKHART.

16. CAHEN TRADING CO., PORTLAND, OREGON. EMIL
CAHEN, ACCOMPANIED BY JOHN KRAUSE AOF WOLVERING,
ROCKFORD, MICH., ATTEMPTED TO INTEREST THE PRC
IN HIGH GRADE US HIDES. ACCORDING TO CAHEN,
DOMESTIC PRC HIDES, MOSTLY FROM DRAFT ANIMALS,
MAKE INFERIOR RAW MATERIAL FOR PRODUCTION OF

LEATHER GOODS. NO DETAILS ON THE OUTCOME OF
EITHER FIRM'S DISCUSSIONS ARE AVAILABLE.

17. IBM. RYAN AND JOSEPH OF IBM RECESSED
DISCUSSIONS ON THE SALE OF IBM COMPUTER
EQUIPMENT INCLUDED IN THE NUOVO PIGNONE (ENI)
SALE OF CENTRIFUGAL COMPUTER TECHNOLOGY LAST
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YEAR (REF B). DISCUSSIONS ARE SET TO RESUME
IN MID-SEPTEMBER.

20. STEWARD AND STEVENSON. FIELD REPS/ENGINEERS
CLYDE BROWN AND ROBERT MITCHAM BEGAN
"R AND R" IN PEKING AFTER SEVERAL WEEKS
IN CHUNGKING SUPERVISING START-UP OF STEWARD
AND STEVENSON DIESEL ENGINES USED IN OILFIELD
FRACTURING OF OIL OR GAS-BEARING STRATA. THEY
HAVE NOT BEEN ALLOWED TO VISIT THE ACTUAL
PRODUCTION AREA (REPORTEDLY NEAR CHENGTU).
ALTHOUGH VISITS TO OBSERVE PERFORMANCE WERE
STIPULATED IN THE SALES CONTRACT. BROWN AND
MITCHAM WILL RETURN TO CHUNGKING IN EARLY
SEPTEMBER.

19. PHILIPP BROTHERS, A DIVISION OF ENGELHARD
MINERALS AND CHEMICALS CORP., NEW YORK.
L. JESSELSON, CHAIRMAN, ACCOMPANIED BY A
REPRESENTATIVE FROM DARBY CO., LONDON,
HELD GENERAL BUSINESSDISCUSSIONS WITH
BANK OF CHINA, CCPIT, MINMETALS CORP, AND
SINOCHEM. PHILIPP BROTHERS HAS A LONG-STANDING
RELATIONSHIP WITH THE PRC AS A SUPPLIER OF
STEEL, PIG IRON, PETROCHEMICALS AND LAUMINUM
AND AS A BUYER OF TUNGSTEN,ANTIMONY, TIN AND OTHER
METALS AND MINERALS.

20. WELLMAN, INC. ALAN FARAGO RETURNED TO
PEKING AFTER AN EXPLORATORY VISIT TO HANOI.
VIETNAM HAS CONSIDERABLE EXPORT POTENTIAL IN A
NUMBER OF PRODUCTS AND IS A PROMISING
MARKET FOR FERTILIZER AND OTHER PRODUCTS DESPITE
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FOREIGN EXCHANGE STRINGENCY, ACCORDING TO FARAGO.

21. GANNET FREIGHTING INC. NICHOLAS TANGNEY, PRESIDENT, HELD DISCUSSIONS ON CHARTERING. NO FURTHER DETAILS.

BUYERS

22. DRAGON LADY TRADERS. VERONICA YHAP CONCLUDED NEGOTIATIONS FOR "SEVERAL MILLION DOLLARS" WORTH OF GARMETS FOR CLIENTS IN THE US. SHE TOLD USLO THAT CHINATEX HAD MADE REAL EFFORTS TO ACCOMODATE HER VOLUME REQUESTS EVEN FOR NORMALLY TIGHT ITEMS. SHE WILL RETURN IN OCTOBER FOR THE CANTON FAIR.

23. MARTIN KLINGENBERG. KLINGENBERG PURCHASED SOME \$300,000 WORTH OF ANTIQUE HAIR COMBS AND OTHER ITEMS.

24. HERCULES. REGIONAL DIRECTOR M. WILLIAMSON HELD DISCUSSIONS ON THE PURCHASE OF CHINESE ROSIN. WILLIAMSON ALSO MENTIONED THAT HERCULES IS INTERESTED IN SELLING TECHNOLOGY RELATED TO THE PROCESSING OF VARIOUS CHEMICALS. NO FURTHER DETAILS ARE AVAILABLE.

25. CORIN - PVH INDUSTRIES, LTD., NEW YORK. RON REUBEN, PRESIDENT, ARRIVED AND IS PRESUMABLY DISCUSSING PURCHASES OF MENS AND BOYSS GARMETS, HIS TRADITIONAL LINE.

26. REGAL ACCESSORIES. ACCORDING TO VERONICA YHAP, REGAL HAS RECENTLY BECOME INTERESTED IN IMPORTING TEXTILES FROM THE PRC. DURING A SEVERAL DAY VISIT TO SHANGHAI THEY BOUGHT ABOUT \$1 MILLION WORTH OF TEXTILES FROM THE

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SHANGHAI BRANCH OF CHINATEX.

27. PARKER ASSOCIATES. BETTINA PARKER ARRIVED AUGUST 31 FOR TALKS WITH THE CEROILS, SINOCH. AND LIGHT INDUSTRY CORPORATION. PARKER ASSOCIATES IS NEGOTIATING FOR AN EXCLUSIVE FOR TSINGTAO BEER AND CHINESE DRY WHITE WINE. DISCUSSIONS ALSO INCLUDE SALES OF UREA AND AMMONIUM NITRATE FERTILIZER AND PURCHASES OF LIGHT INDUSTRIAL PRODUCTS FOR THE AFRICAN MARKET.

DELEGATIONS

28. EIA. AN EIGHT-MAN DELEGATION FROM THE ELECTRONICS INDUSTRY ASSOCIATION LED BY SIDNEY TOPOL VISITED PEKING IN EARLY AUGUST TO PRESENT SEMINARS ON TELECOMMUNICATIONS EQUIPMENT AND TECHNOLOGY (REF A). THE GROUP TOLD USLO THAT THEIR RECEPTION WAS EXCELLENT AND THAT THE CHINESE WERE MORE RELAXED THAN DURING THEIR PREVIOUS VISIT IN NOBEMBER 1975.

29. THIS MESSAGE CONTAINS SENSITIVE COMMERCIAL INFORMATION WHICH SHOULD NOT BE DISCUSSED OUTSIDE THE US GOVERNMENT.
WOODCOCK

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Message Attributes

Automatic Decaptioning: X
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 PEKING 1806, 77 PEKING 1835, 77 PEKING 1682, 77 PEKING 1676
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
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Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1377264
Secure: OPEN
Status: NATIVE
Subject: US BUSINESS VISITORS TO PRC: AUGUST
TAGS: ETRD, BTRA, CH, US
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/2913784d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009